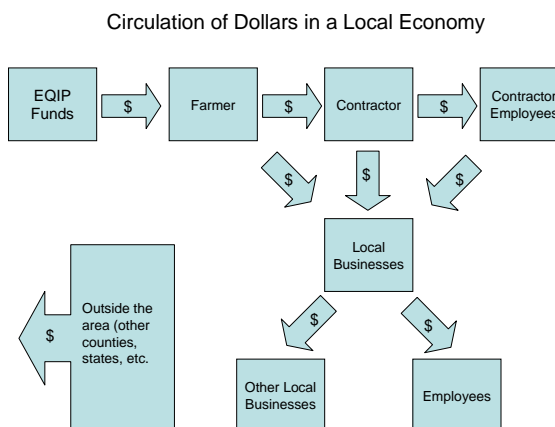


Local Economic Impacts of the 2002 Farm Bill in the Kennebec County Region — by John Long, Economist

Conservation activities impact local economies with changes in production, recreation, jobs, taxes, and spending. These impacts do not occur just once, but have a multiplier effect. For example, paying a contractor to install a stockwater pipeline helps pay employee salaries and other operating costs and provides a profit for the contractor. The contractor and employees will then spend their earnings at other local businesses. Thus, one dollar will circulate within the community several times.

The flow chart to the right illustrates the basic flow of Environmental Quality Incentives Program (EQIP) cost-share funds in a local economy, such as a county or conservation district. This is the type of activity that this analysis is trying to quantify in dollar terms.



The economic input/output model IMPLAN was used to estimate the economic effects of EQIP payments to Kennebec County farmers from 2002 to 2007 in the central Maine region. The region analyzed included Kennebec, Androscoggin, Sagadahoc, Lincoln, Waldo, Somerset, and Franklin Counties.

EQIP Expenditures and Economic Impacts in the Kennebec County Region, 2002-2007

EQIP Expenditures (to Kennebec Co.)	Economic Impacts			
	Value Added	Employment (jobs created or supported)	Total Output	Total Output Multiplier
\$2,644,900	\$2,028,300	85	\$4,349,800	1.65

> Expenditures include all financial assistance funds paid to program participants for installing conservation practices through EQIP from the 2002 Farm Bill.

> Value-added income is defined as the wages and profits and indirect business taxes generated from producing these goods and services.

> Employment reflects the impact on full or part-time jobs due to the increased economic activity and increased goods and services demanded. These figures don't necessarily represent the number of new jobs created, but rather the combination of new jobs created and current jobs supported.

> Total output is defined as total sales of goods and services produced in a particular local, state, or national economy.

> A multiplier of 1.65 means that if \$1,000 cost-share dollars are spent on the final goods produced by that industry sector, an additional \$650 of economic activity will be gener-

ated within the region of analysis through repeated circulation of the money spent. For example, when a farm supply company is paid for supplies used in implementing a conservation practice, that company pays a percentage of the original cost-share money to its employees in the form of wages. That money is then circulated again as those employees spend their wages on goods and services. The degree to which each dollar originally spent in a region re-circulates within that region is reflected in the multiplier.

These benefits do not account for the more intangible economic impacts that these programs and efforts can have through improved natural resource conservation and enhancement. For example, resource conservation can lead to such benefits as increased tourism, boating, fishing, reduced water treatment or environmental compliance costs, and increased property values.